

FOND DU LAC COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2007

	Primary Government			Component Unit June 30, 2007
	Governmental Activities	Business-type Activities	Total	Housing Authority
ASSETS				
Cash and investments	\$ 11,882,803	\$ 11,589,100	\$ 23,471,903	\$ 344,952
Receivables				
Delinquent property taxes	2,418,164	-	2,418,164	-
Property taxes levied for ensuing year's budget	30,772,483	2,078,922	32,851,405	-
Accounts	4,375,899	1,350,798	5,726,697	18,678
Accrued interest	136,166	-	136,166	-
Internal balances	1,049,392	(1,049,392)	-	-
Due from other governments	2,203,741	1,085,515	3,289,256	-
Inventories and prepaid items	485,371	1,292,428	1,777,799	15,118
Deferred charges - issuance costs	82,006	-	82,006	-
Restricted cash and investments	1,758,050	-	1,758,050	-
Capital assets, net of accumulated depreciation				
Construction in progress	-	-	-	14,690
Land	1,793,715	980,404	2,774,119	17,387
Land improvements	4,717,950	14,286,024	19,003,974	-
Buildings/building improvements	52,652,110	11,710,898	64,363,008	2,231,108
Machinery and equipment	13,624,958	13,524,915	27,149,873	90,009
Infrastructure	56,353,798	-	56,353,798	-
Less: Accumulated depreciation	(56,281,250)	(23,537,452)	(79,818,702)	(1,223,134)
TOTAL ASSETS	128,025,356	33,312,160	161,337,516	1,508,808

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FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets (continued)
December 31, 2007

	Primary Government			Component Unit June 30, 2007
	Governmental Activities	Business-type Activities	Total	Housing Authority
LIABILITIES				
Accounts payable	1,503,681	2,869,510	4,373,191	3,322
Accrued payables	-	138,511	138,511	-
Accrued payroll liabilities	3,840,549	1,370,574	5,211,123	5,952
Accrued interest payable	404,261	517	404,778	-
Due to other governments	503,960	15,170	519,130	17,549
Deferred property tax revenues	31,174,102	2,078,922	33,253,024	-
Unearned revenues	265,607	60,191	325,798	-
Other liabilities	105,559	-	105,559	10,105
Long-term obligations				
Due within one year	3,470,023	367,342	3,837,365	-
Due in more than one year	30,023,518	310,291	30,333,809	-
TOTAL LIABILITIES	71,291,260	7,211,028	78,502,288	36,928
NET ASSETS				
Invested in capital assets, net of related debt	46,358,203	16,715,229	63,073,432	1,130,060
Restricted - CDBG loans	3,441,034	-	3,441,034	-
Restricted - Care Management Organization	-	8,646,385	8,646,385	-
Restricted - sheriff canine fund	50,000	-	50,000	-
Restricted - retirement of long term debt	18,476	-	18,476	143,750
Unrestricted	6,866,383	739,518	7,605,901	198,070
TOTAL NET ASSETS	\$ 56,734,096	\$ 26,101,132	\$ 82,835,228	\$ 1,471,880

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities
Year Ended December 31, 2007

Functions/Programs	Primary Government						Component Unit June 30, 2007
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
	Expenses						
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ 8,373,739	\$ 3,094,525	\$ 783,218	\$ -	\$ (4,495,996)	\$ -	\$ -
Public safety	15,056,846	3,043,139	126,319	-	(11,887,388)	-	(11,887,388)
Public works	4,411,144	-	1,690,753	-	(2,720,391)	-	(2,720,391)
Health and human services	30,783,770	7,303,799	14,911,119	-	(8,568,852)	-	(8,568,852)
Culture, recreation and education	3,113,367	277,851	186,511	-	(2,649,005)	-	(2,649,005)
Conservation and development	2,088,114	108,071	640,404	-	(1,339,639)	-	(1,339,639)
Interest on debt	1,217,670	-	-	-	(1,217,670)	-	(1,217,670)
Total Governmental Activities	65,044,650	13,827,385	18,338,324	-	(32,878,941)	-	(32,878,941)
Business-type Activities							
Highway	10,601,811	10,402,798	198,340	-	-	(673)	-
Care Management Organization	30,051,623	30,397,807	650,227	-	-	996,411	-
Health Care Center	7,543,068	5,619,475	730,961	-	-	(1,192,632)	-
Rolling Meadows Nursing/Rehab Center	1,865,852	1,204,891	366,300	-	-	(294,661)	-
Airport	619,882	80,132	-	2,256,230	-	1,716,480	-
Golf Course	724,690	733,900	-	-	-	9,210	-
Landfill	43,236	5,100	-	-	-	(38,136)	-
Total Business-type Activities	51,450,162	48,444,103	1,945,828	2,256,230	-	1,195,999	-
Total Primary Government	\$ 116,494,812	\$ 62,271,488	\$ 20,284,152	\$ 2,256,230	(32,878,941)	1,195,999	(31,682,942)
COMPONENT UNIT							
Housing Authority	\$ 1,930,310	\$ 115,384	\$ 1,697,079	\$ 96,771	-	-	(21,076)

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities (continued)
Year Ended December 31, 2007

Functions/Programs	Primary Government					Component Unit June 30, 2007	
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Expenses							Housing Authority
General revenues							
Property taxes, levied for general purposes				24,175,606	2,236,616	26,412,222	-
Property taxes, levied for debt service				4,202,999	-	4,202,999	-
Other taxes				852,175	183	852,358	-
State and federal aids not restricted to specific functions				2,844,669	-	2,844,669	-
Interest and investment earnings				1,088,762	504,686	1,593,448	6,886
Gain on sale of capital assets				97,041	7,774	104,815	-
Miscellaneous				645,876	46,834	692,710	3,536
Transfers				26,295	(26,295)	-	-
Total general revenues and net transfers				33,933,423	2,769,798	36,703,221	10,422
Change in net assets				1,054,482	3,965,797	5,020,279	(10,654)
Net assets - beginning of year				52,098,141	22,135,335	74,233,476	1,482,534
Prior period adjustment				3,581,473	-	3,581,473	-
Net assets - end of year				\$ 56,734,096	\$ 26,101,132	\$ 82,835,228	\$ 1,471,880

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FOND DU LAC COUNTY, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2007

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Jail Expan /Interoper	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 10,005,846	\$ 77,354	\$ 647,720	\$ 690,874	\$ 2,000,594	\$ 18,476	\$ 134,072	\$ 13,574,936
Receivables								
Taxes	15,611,949	2,850,270	4,061,323	5,761,257	380,000	4,276,235	-	32,941,034
CDBG loans	3,441,034	-	-	-	-	-	-	3,441,034
Accounts	756,949	-	173,440	3,022	-	-	712	934,123
Interest	133,739	-	-	-	-	-	2,427	136,166
Due from other funds	1,045,777	-	-	40,696	-	-	-	1,086,473
Due from other governments	1,151,730	-	333,626	718,385	-	-	-	2,203,741
Inventories and prepaid items	304,129	-	90,889	75,742	-	-	1,669	472,429
TOTAL ASSETS	\$ 32,451,153	\$ 2,927,624	\$ 5,306,998	\$ 7,289,976	\$ 2,380,594	\$ 4,294,711	\$ 138,880	\$ 54,789,936
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 497,463	\$ -	\$ 298,630	\$ 463,712	\$ 242,544	\$ -	\$ 1,204	\$ 1,503,553
Accrued payroll liabilities	2,331,477	-	572,236	871,270	-	-	15,736	3,790,719
Due to other funds	-	-	36,339	-	-	-	-	36,339
Due to other governments	339,077	-	67,697	97,187	-	-	-	503,961
Deferred revenues	17,426,945	2,850,270	4,215,596	5,803,659	380,000	4,276,235	-	34,952,705
Other liabilities	100,411	-	-	5,148	-	-	-	105,559
Total Liabilities	20,695,373	2,850,270	5,190,498	7,240,976	622,544	4,276,235	16,940	40,892,836

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FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2007

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Jail Expan /Interoper	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Reserved for								
Inventories and prepaid items	304,130	-	90,889	75,742	-	-	1,669	472,430
Delinquent property taxes	1,235,185	-	-	-	-	-	-	1,235,185
Retirement of long-term debt	-	-	-	-	-	18,476	-	18,476
Sheriff canine fund	-	-	-	-	-	-	50,000	50,000
Unreserved								
Designated	5,584,330	77,354	25,611		1,758,050	-	70,271	7,515,616
Undesignated (Deficit)	4,632,135	-	-	(26,742)	-	-	-	4,605,393
Total Fund Balances	11,755,780	77,354	116,500	49,000	1,758,050	18,476	121,940	13,897,100
TOTAL LIABILITIES AND FUND								
BALANCES	\$ 32,451,153	\$ 2,927,624	\$ 5,306,998	\$ 7,289,976	\$ 2,380,594	\$ 4,294,711	\$ 138,880	\$ 54,789,936

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FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2007

Reconciliation to the Statement of Net Assets:

Total Fund Balances as shown on previous page

\$ 13,897,100

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

General capital assets, net of accumulated depreciation

\$ 72,802,733

Internal Service Fund capital assets, net of accumulated depreciation

58,548

72,861,281

Other long-term assets, deferred debt issuance costs, are not available to pay for current period expenditures and therefore are not reported in the funds.

82,006

Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Total internal service fund net assets

73,419

Capital assets, net of depreciation, included above

(58,548)

Long term liabilities included below

14,030

28,901

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds and notes payable

(31,640,000)

Alliant Energy Advance

(681,128)

Compensated absences

(1,172,413)

Accrued interest on long-term obligations

(404,261)

(33,897,802)

Revenues not meeting the availability criteria:

Deferred Revenue - Community Development Block Grant - Fond du Lac County Economic Development Corp.

(140,439)

Deferred Revenue - Clerk of Courts

160,072

Deferred Revenue - Interest and Penalty on Property Taxes

161,504

181,137

Prior period adjustment

3,581,473

Net Assets of Governmental Activities as reported on the Statement of Net Assets (See pages 14 - 15)

\$ 56,734,096

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Jail Expans /Interoper	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 13,152,857	\$ 2,700,313	\$ 3,848,611	\$ 5,150,736	\$ -	\$ 4,202,999	\$ -	\$ 29,055,516
Intergovernmental	7,418,692	1,690,753	3,311,723	7,811,085	-	-	343,537	20,575,790
Licenses and permits	383,862	-	-	-	-	-	-	383,862
Fines and forfeits	624,973	-	-	-	-	-	-	624,973
Public charges for services	3,053,143	-	1,906,365	1,320,611	-	-	110,856	6,390,975
Intergovernmental charges for services	3,752,714	-	2,282,283	-	-	-	13,483	6,048,480
Interdepartmental charges for services	2,783,041	-	354,056	328,456	-	-	-	3,465,553
Miscellaneous	1,787,392	-	1,920	70,728	58,510	-	2,465	1,921,015
Prior year revenue	-	-	451,749	-	-	-	-	451,749
Total Revenues	32,956,674	4,391,066	12,156,707	14,681,616	58,510	4,202,999	470,341	68,917,913
Expenditures								
Current								
General government	9,976,025	-	-	-	-	-	-	9,976,025
Public safety	14,312,774	-	-	-	46	-	-	14,312,820
Public works	-	5,169,560	-	-	-	-	-	5,169,560
Health and human services	6,062,667	-	10,209,878	14,507,297	-	-	490,386	31,270,228
Culture, recreation and education	2,693,016	-	-	-	-	-	-	2,693,016
Conservation and development	2,525,057	-	-	-	-	-	-	2,525,057
Capital outlay	72,061	-	-	-	493,996	-	-	566,057
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	2,800,000	-	2,800,000
Interest and fiscal charges	-	-	-	-	-	1,419,650	-	1,419,650
Total Expenditures	35,641,600	5,169,560	10,209,878	14,507,297	494,042	4,219,650	490,386	70,732,413

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
Year Ended December 31, 2007

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Jail Expans /Interoper	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficit) of Revenues Over Expenditures	(2,684,926)	(778,494)	1,946,829	174,319	(435,532)	(16,651)	(20,045)	(1,814,500)
Other Financing Sources (Uses)								
Long-term debt issued	1,760,000	500,000	-	-	2,240,000	-	-	4,500,000
Issuance premium on long term debt	-	-	-	-	-	63,217	-	63,217
Debt issuance costs	-	-	-	-	-	(55,500)	-	(55,500)
Transfers in	2,401,790	-	-	-	-	75,000	27,000	2,503,790
Transfers out	(259,667)	-	(1,967,229)	(201,069)	-	(58,607)	-	(2,486,572)
Total Other Financing Sources (Uses)	3,902,123	500,000	(1,967,229)	(201,069)	2,240,000	24,110	27,000	4,524,935
Net Change in Fund Balances	1,217,197	(278,494)	(20,400)	(26,750)	1,804,468	7,459	6,955	2,710,435
Fund Balances (deficit) - Beginning of Year	10,538,583	355,848	136,900	75,750	(46,418)	11,017	114,985	11,186,665
Fund Balances - End of Year	\$ 11,755,780	\$ 77,354	\$ 116,500	\$ 49,000	\$ 1,758,050	\$ 18,476	\$ 121,940	\$ 13,897,100

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
Governmental Funds
Year Ended December 31, 2007

Reconciliation to the Statement of Activities:

Net Change in Fund Balances from previous page

\$ 2,710,435

Amounts reported for governmental activities in the statement of activities are different because:
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay

\$ 4,764,010

Depreciation expense

206,691

(4,557,319)

The net effect of the loss on disposal of capital assets is to decrease net assets.

(48,289)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(181,202)

Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The net expenditure of certain activities of internal service funds is reported with governmental activities.

(30,152)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Issuance of general obligation promissory notes

(4,500,000)

Principal repayments:

General obligation debt

2,800,000

Alliant Energy advance

211,736

Capital lease

11,186

(1,477,078)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Expense transactions:

Compensated absences

(77,611)

Accrued interest

(32,403)

Amortization of issuance costs

(15,909)

(125,923)

Change in Net Assets of Governmental Activities as reported on the Statement of Activities (see pages 16 - 17)

\$ 1,054,482

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,544,491	\$ 13,119,190	\$ 13,152,857	\$ 33,667
Intergovernmental	7,457,620	7,698,886	7,418,692	(280,194)
Licenses and permits	391,922	391,922	383,862	(8,060)
Fines and forfeits	681,500	681,500	624,973	(56,527)
Public charges for services	2,864,525	2,906,725	3,053,143	146,418
Intergovernmental charges for services	3,295,548	3,362,614	3,752,714	390,100
Interdepartmental charges for services	2,627,383	2,626,259	2,783,041	156,782
Miscellaneous	2,078,886	2,208,499	1,787,392	(421,107)
Total Revenues	32,941,875	32,995,595	32,956,674	(38,921)
Expenditures				
Current				
General government	10,169,560	10,810,617	9,976,025	834,592
Public safety	13,699,766	14,177,396	14,312,774	(135,378)
Health and human services	6,025,527	6,659,355	6,062,667	596,688
Culture, recreation and education	3,212,699	3,296,059	2,693,016	603,043
Conservation and development	2,339,020	2,492,323	2,525,057	(32,734)
Capital outlay	270,000	156,392	72,061	84,331
Contingency	544,310	483,950	-	483,950
Total Expenditures	36,260,882	38,076,092	35,641,600	2,434,492
Excess (Deficit) of Revenues Over Expenditures	(3,319,007)	(5,080,497)	(2,684,926)	2,395,571
Other Financing Sources (Uses)				
Long-term debt issued	1,865,000	1,810,200	1,760,000	(50,200)
Transfers in	206,200	206,200	2,401,790	2,195,590
Transfers out	(237,000)	(237,000)	(259,667)	(22,667)
Total Other Financing Sources (Uses)	1,834,200	1,779,400	3,902,123	2,122,723
Net Change in Fund Balance	(1,484,807)	(3,301,097)	1,217,197	4,518,294
Fund Balance - Beginning of Year	10,538,583	10,538,583	10,538,583	-
Fund Balance - End of Year	\$ 9,053,776	\$ 7,237,486	\$ 11,755,780	\$ 4,518,294

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Road & Bridge Fund
Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 2,690,201	\$ 2,700,313	\$ 2,700,313	\$ -
Intergovernmental				
CHIPS funding	-	-	124,917	124,917
Local transportation aids	1,500,000	1,500,000	1,565,836	65,836
Total Revenues	4,190,201	4,200,313	4,391,066	190,753
Expenditures				
Current				
Public works				
County highway maintenance	3,913,021	3,985,385	3,949,785	35,600
County highway winter maintenance	961,877	512,726	1,219,775	(707,049)
County construction/road & bridge	555,273	558,050	-	558,050
Total Expenditures	5,430,171	5,056,161	5,169,560	(113,399)
Excess (Deficit) of Revenues Over Expenditures	(1,239,970)	(855,848)	(778,494)	77,354
Other Financing Sources				
Long-term debt issued	500,000	500,000	500,000	-
Net Change in Fund Balance	(739,970)	(355,848)	(278,494)	77,354
Fund Balance - Beginning of Year	739,970	355,848	355,848	-
Fund Balance - End of Year	\$ -	\$ -	\$ 77,354	\$ 77,354

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Community Programs
Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,724,891	\$ 3,848,611	\$ 3,848,611	\$ -
Intergovernmental				
Basic allocation	1,657,824	1,657,824	1,657,826	2
CLTS	1,150,208	1,150,208	906,700	(243,508)
Birth to Three	235,630	235,630	235,630	-
Family support	98,901	98,901	86,847	(12,054)
Alcohol and other drug abuse	291,287	291,287	292,287	1,000
Integrated service	80,000	80,000	80,000	-
Non-resident	-	-	15,126	15,126
Mental health	37,307	37,307	37,307	-
Public charges for services				
Mental health	1,395,000	1,320,000	1,435,723	115,723
Developmental disabilities	37,800	37,800	45,167	7,367
Alcohol and other drug abuse	267,000	267,000	311,673	44,673
Administration	100,000	100,000	113,802	13,802
Intergovernmental charges for services				
Acute unit - net	1,690,000	1,690,000	2,282,283	592,283
Interdepartmental charges for services	507,052	507,052	354,056	(152,996)
Miscellaneous	-	-	1,920	1,920
Prior year revenue	-	-	451,749	451,749
Total Revenues	11,272,900	11,321,620	12,156,707	835,087
Expenditures				
Current				
Health and human services				
Mental health	7,737,765	7,909,985	7,254,936	655,049
Developmental disabilities	1,781,920	1,784,660	1,340,156	444,504
Physical disabilities	16,060	16,060	47,072	(31,012)
Alcohol and other drug abuse	1,201,053	1,206,153	1,019,644	186,509
Administration	536,102	541,662	548,070	(6,408)
Total Expenditures	11,272,900	11,458,520	10,209,878	1,248,642
Excess (Deficit) of Revenues Over Expenditures	-	(136,900)	1,946,829	2,083,729
Other Financing Sources (Uses)				
Transfers out	-	-	(1,967,229)	(1,967,229)
Net Change in Fund Balance	-	(136,900)	(20,400)	116,500
Fund Balance - Beginning of Year	-	136,900	136,900	-
Fund Balance - End of Year	\$ -	\$ -	\$ 116,500	\$ 116,500

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Social Services
Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 5,121,436	\$ 5,150,736	\$ 5,150,736	\$ -
Intergovernmental				
Child care	222,278	222,278	215,603	(6,675)
Community options/waivers	564,513	564,513	457,767	(106,746)
General relief	10,160	10,160	9,093	(1,067)
Income maintenance	2,996,947	2,915,231	2,754,805	(160,426)
Kinship	177,207	176,277	186,523	10,246
Low income home energy assistance	121,230	121,230	150,533	29,303
Social welfare - basic county allocation	3,361,337	3,362,869	3,326,383	(36,486)
Youth aids	169,019	169,019	628,797	459,778
Administration	53,186	53,186	81,581	28,395
Public charges for services				
Child care	40,000	40,000	33,053	(6,947)
Community options/waivers	12,000	12,000	9,050	(2,950)
Income maintenance	8,900	8,900	3,986	(4,914)
Social welfare - basic county allocation	1,163,501	1,163,501	1,063,888	(99,613)
Youth aids	230,516	230,516	210,634	(19,882)
Interdepartmental charges for services				
Social welfare - basic county allocation	379,274	379,274	299,092	(80,182)
Youth aids	29,349	29,349	29,364	15
Miscellaneous	43,392	43,392	70,728	27,336
Total Revenues	14,704,245	14,652,431	14,681,616	29,185
Expenditures				
Current				
Health and human services				
Adult abuse	36,742	36,742	38,682	(1,940)
Child care	264,371	264,371	252,454	11,917
Community options/waivers	577,013	577,013	468,802	108,211
General relief	29,500	29,500	26,497	3,003
Income maintenance	3,785,621	3,686,580	3,579,696	106,884
Kinship	177,207	176,277	186,529	(10,252)
Low income home energy assistance	121,230	121,230	150,534	(29,304)
Social welfare - basic county allocation	7,677,245	7,799,113	7,743,015	56,098
Youth aids	1,961,915	1,963,954	1,933,339	30,615
Administration	73,401	73,401	127,749	(54,348)
Total Expenditures	14,704,245	14,728,181	14,507,297	220,884
Excess (Deficit) of Revenues				
Over Expenditures	-	(75,750)	174,319	250,069
Other Financing Sources (Uses)				
Transfers out	-	-	(201,069)	(201,069)
Net Change in Fund Balance	-	(75,750)	(26,750)	49,000
Fund Balance - Beginning of Year	-	75,750	75,750	-
Fund Balance - End of Year	\$ -	\$ -	\$ 49,000	\$ 49,000

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS							
Current Assets							
Cash and investments	\$ 52,700	\$ 11,148,095	\$ 381,780	\$ -	\$ -	\$ 6,525	\$ 11,589,100
Taxes receivable	240,320	-	1,544,504	222,003	46,665	25,440	2,078,922
Accounts receivable	48,009	334,768	689,509	273,656	2,225	2,631	1,350,798
Due from other governments	1,085,515	-	-	-	-	-	1,085,515
Inventories and prepaid items	979,513	140,831	117,777	10,512	1,028	42,767	1,292,428
Total Current Assets	2,406,057	11,623,694	2,733,570	506,171	49,908	77,363	17,396,763
Capital Assets							
Land/land improvements	402,534	-	681,685	105,293	10,854,388	3,222,528	15,266,428
Buildings/building improvements	2,551,965	9,210	6,001,066	2,842,596	21,494	284,567	11,710,898
Machinery and equipment	9,971,165	224,582	1,602,429	575,511	325,236	825,992	13,524,915
Less accumulated depreciation	(7,911,625)	(132,519)	(6,153,401)	(2,654,708)	(4,794,996)	(1,890,203)	(23,537,452)
Total Capital Assets - Net	5,014,039	101,273	2,131,779	868,692	6,406,122	2,442,884	16,964,789
TOTAL ASSETS	7,420,096	11,724,967	4,865,349	1,374,863	6,456,030	2,520,247	34,361,552
LIABILITIES							
Current Liabilities							
Accounts payable	263,582	2,616,557	107,005	8,560	2,906	9,412	3,008,022
Accrued payroll liabilities	447,030	331,340	476,068	94,632	3,164	18,339	1,370,573
Due to other funds	-	4,357	-	284,905	48,699	711,430	1,049,391
Due to other governments	3,693	376	10,448	-	-	653	15,170
Unearned revenues	259,526	-	1,571,815	227,729	51,407	28,637	2,139,114
Interest payable	-	-	-	-	-	517	-
Current maturities of long-term obligations	87,170	12,760	74,455	35,128	-	177,982	367,342
Other liabilities	-	-	-	-	-	-	-
Total Current Liabilities	1,061,001	2,965,390	2,239,791	650,954	106,176	946,970	7,950,129
Long-term Obligations							
Noncurrent portion of long-term obligations	141,099	11,919	75,825	28,239	-	33,056	310,291
TOTAL LIABILITIES	1,202,100	2,977,309	2,315,616	679,193	106,176	980,026	8,260,420
NET ASSETS							
Invested in capital assets, net of related debt	5,014,039	101,273	2,110,683	848,302	6,406,122	2,234,810	16,715,229
Restricted	-	8,646,385	-	-	-	-	8,646,385
Unrestricted (deficit)	1,203,957	-	439,050	(152,632)	(56,268)	(694,589)	739,518
TOTAL NET ASSETS	\$ 6,217,996	\$ 8,747,658	\$ 2,549,733	\$ 695,670	\$ 6,349,854	\$ 1,540,221	\$ 26,101,132
							\$ 73,419

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities-Enterprise Funds							Governmental	
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Activities-Internal Service Funds	
Operating Revenues									
Public charges for services	\$ -	\$ 27,107,880	\$ 4,211,044	\$ 1,204,891	\$ 79,332	\$ 731,045	\$ 33,334,192	\$	14
Intergovernmental charges for services	4,241,980	-	-	-	800	-	4,242,780	-	-
Interdepartmental charges for services	6,112,273	1,783	1,408,432	-	-	7,955	7,530,443	322,460	-
Miscellaneous	48,557	3,855,928	16,899	32,740	762	3,206	3,958,092	-	-
Total Operating Revenues	10,402,810	30,965,591	5,636,375	1,237,631	80,894	742,206	49,065,507	322,474	
Operating Expenses									
General government	-	-	-	-	-	-	-	-	564,564
Public works	9,793,404	-	-	-	121,743	27,135	9,942,282	-	-
Health and human services	-	30,016,833	7,287,661	1,743,570	-	-	39,048,064	-	-
Culture, recreation and education	-	-	-	-	-	610,965	610,965	-	-
Depreciation	790,049	34,790	235,010	102,431	498,139	114,578	1,774,997	11,551	-
Total Operating Expenses	10,583,453	30,051,623	7,522,671	1,846,001	619,882	752,678	51,376,308	576,115	
Operating Income (Loss)	(180,643)	913,968	(1,886,296)	(608,370)	(538,988)	(10,472)	(2,310,801)	(253,641)	
Nonoperating Revenues (Expenses)									
Property taxes	30,086	-	1,725,095	403,980	47,155	30,300	2,236,616	211,510	-
Intergovernmental	198,340	89,501	715,749	339,757	-	-	1,343,347	-	-
Investment income	-	504,254	-	-	-	431	504,685	-	-
Miscellaneous revenue	14,406	17,830	-	-	3,634	-	35,870	2,901	-
Interest expense	(18,358)	-	(20,397)	(19,851)	-	(15,248)	(73,854)	-	-
Total nonoperating revenue (expense)	224,474	611,585	2,420,447	723,886	50,789	15,483	4,046,664	214,411	
Income (loss) before contributions and transfers	43,831	1,525,553	534,151	115,516	(488,199)	5,011	1,735,863	(39,230)	
Capital contributions - state/federal									
Transfers in	-	-	-	-	2,256,230	-	2,256,230	-	-
Transfers out	18,358	-	20,397	19,851	-	-	58,606	22,666	-
Change in Net Assets	62,189	1,525,553	554,548	135,367	1,762,329	(79,200)	(84,902)	(13,588)	
Net Assets - Beginning of Year	6,155,807	7,222,105	1,995,185	560,303	4,587,525	1,614,410	22,135,335	103,571	
Net Assets - End of Year	\$ 6,217,996	\$ 8,747,658	\$ 2,549,733	\$ 695,670	\$ 6,349,854	\$ 1,540,221	\$ 26,101,132	\$ 73,419	

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities:							
Cash received from user charges	\$ 3,855,527	\$ 31,064,244	\$ 4,094,540	\$ 1,038,488	\$ 94,573	\$ 742,770	\$ 40,890,142
Cash received from other funds	6,112,273	1,783	1,408,432	-	-	-	7,522,488
Cash received from other government payments	-	-	-	-	800	-	800
Cash payments to suppliers	(5,879,393)	(26,119,490)	(1,785,305)	(839,845)	(55,809)	(198,419)	(34,878,261)
Cash payments to employees	(3,830,466)	(3,655,208)	(5,464,867)	(934,671)	(73,593)	(306,075)	(14,264,880)
Net Cash Provided (Used) by Operating Activities	257,941	1,291,329	(1,747,200)	(736,028)	(34,029)	238,276	(729,711)
Cash Flows from Noncapital Financing Activities:							
Property taxes	30,086	-	1,725,095	403,980	47,155	30,300	2,236,616
Intergovernmental	5,490	107,331	787,471	339,758	-	-	1,240,050
Transfers in	18,358	-	20,397	19,851	-	-	58,606
Transfers out	-	-	-	-	(5,702)	(79,200)	(84,902)
Net Cash Provided (Used) by Noncapital Financing Activities	53,934	107,331	2,532,963	763,589	41,453	(48,900)	3,450,370
Cash Flows from Capital and Related Financing Activities:							
Acquisition of capital assets	(738,623)	(46,215)	(413,762)	-	(7,424)	(18,778)	(1,224,802)
Proceeds from sale of capital assets	20,118	-	-	-	-	-	20,118
Principal payments on long-term debt	-	-	(74,341)	(7,970)	-	(163,136)	(245,447)
Interest payments on long-term debt	(18,358)	-	(20,397)	(19,851)	-	(15,248)	(73,854)
Net Cash Used by Capital and Related Financing Activities	(736,863)	(46,215)	(508,500)	(27,821)	(7,424)	(197,162)	(1,523,985)
Cash Flows from Investing Activities:							
Investment income	-	504,254	-	-	-	431	504,685
Net Increase (Decrease) in Cash and Cash Equivalents	(424,988)	1,856,699	277,263	(260)	-	(7,355)	1,701,359
Cash and Cash Equivalents - Beginning of Year	477,688	9,291,396	104,517	260	-	13,880	9,887,741
Cash and Cash Equivalents - End of Year	\$ 52,700	\$ 11,148,095	\$ 381,780	\$ -	\$ -	\$ 6,525	\$ 11,589,100
							\$ 65,918

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (180,643) \$	913,968	\$ (1,886,296)	\$ (608,370)	\$ (538,988)	\$ (10,472)	\$ (2,310,801)	\$ (253,641)
790,049	34,790	235,010	102,431	498,139	114,578	1,774,997	11,551
60,877	555,954	8,293	(121,780)	(2,225)	(2,610)	498,509	-
(580,111)	-	-	-	-	-	(580,111)	-
126,480	(69,688)	(74,084)	(7,012)	(1,333)	357	(25,280)	(2,094)
151,790	185,602	13,635	(20,819)	1,807	2,012	334,027	(687,282)
80,178	56,533	(51,124)	(10,124)	473	(164)	75,772	5,593
-	(388,712)	-	(65,880)	8,778	135,319	(310,495)	-
2,777	(1,795)	(10,448)	-	(680)	370	(9,776)	-
(175,637)	-	11,755	4,241	-	(943)	(160,584)	-
-	-	-	-	-	(483)	(483)	-
(17,819)	4,677	6,059	(8,715)	-	312	(15,486)	915
\$ 257,941	\$ 1,291,329	\$ (1,747,200)	\$ (736,028)	\$ (34,029)	\$ 238,276	\$ (729,711)	\$ (924,958)

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities
Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
Depreciation
Changes in assets and liabilities
Accounts receivable
Due from other governments
Inventories and prepaid items
Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Deferred revenues
Interest payable
Other liabilities
Net Cash Provided by (Used for) Operating Activities

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY
Statement of Net Assets
Agency Funds
December 31, 2007

	Agency Funds
ASSETS	
Cash and investments	\$ 3,875,754
Receivables	
Delinquent special assessments	151,393
Accounts	541
Due from other governments	<u>1,106,399</u>
TOTAL ASSETS	<u><u>\$ 5,134,087</u></u>
LIABILITIES	
Accounts payable	\$ 415,383
Due to other governments	3,837,592
Other liabilities	<u>881,112</u>
TOTAL LIABILITIES	<u><u>\$ 5,134,087</u></u>

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Fond du Lac County ("the County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 36 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the previous criterion, the following component unit is included within the reporting entity.

Housing Authority of Fond du Lac County

The basic financial statements include the Housing Authority of Fond du Lac County (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to, or burden on, the County. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2007. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has two internal service funds: Central Maintenance and Health Self-Insurance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

COUNTY ROAD & BRIDGE FUND

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system.

DEPT OF COMMUNITY PROGRAMS FUND

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions.

DEPT OF SOCIAL SERVICES FUND

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services.

CAPITAL PROJECT FUND

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County reports the following major enterprise funds:

HIGHWAY

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County.

CARE MANAGEMENT ORGANIZATION

This fund accounts for the activities associated with the family care program serving disabled and elderly clients within a managed care system.

HEALTH CARE CENTER

This fund accounts for the activities associated with the skilled nursing facility serving disabled clients.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

ROLLING MEADOWS NURSING/REHAB CENTER

This fund accounts for the activities associated with the skilled nursing facility serving elderly clients, including a Medicare certified therapy program.

AIRPORT

This fund accounts for the activities associated with the County's airport facilities.

Additionally, the government reports the following fund types:

Internal service funds account for central maintenance and health self-insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *permanent fund* is used to account for resources legally held in trust for the Sheriff Canine Program. Only earnings on the invested resources may be used to support the Sheriff Canine Program.

The County accounts for assets held as an agent for Patient Trust Activity, District Attorney Restitution Activities, Huber Law/Canteen Activities, Clerk of Courts Fund, and Tax Collection Activities in an *agency fund*.

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges to the County's enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$3,581,363.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$500 or higher for general capital assets or \$3,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
<u>Assets</u>		
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-10	3-10
Infrastructure	10-50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

6. Prior Period Adjustment for Community Development Block Grant Loans

The December 31, 2006 Governmental Activities net asset balance of the County did not include receivables of \$3,581,473 for Community Development Block Grant funded loans to County businesses. In 2007, it was determined that although the loans are administered and managed by the Fond du Lac County Economic Development Corporation, the businesses are obligated to repay Fond du Lac County. Accordingly, the January 1, 2007 Governmental Activities net asset balance was increased by \$3,581,473 as a prior period adjustment.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service funds and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Taxation, and Personnel Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2007.

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue funds and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2007 as follows:

Fund	Function	Excess Expenditures
General Fund	District Attorney	\$ 10,995
General Fund	Victim/Witness Program	1,837
General Fund	Miscellaneous Nondept Expenditures	49,118
General Fund	Sheriff	21,574
General Fund	Jail	473,443
General Fund	Jail Building Maintenance	30,134
General Fund	Home Health	58,987
General Fund	Tobacco Control	644
General Fund	Land Conservation	5,116
General Fund	County Promotion	2,568
General Fund	CDBG-Revolving Loan Fund	38,067
General Fund	Environmental Services	75,955
Special Revenue Fund	County Road & Bridge Fund	113,399

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general, special revenue and debt service funds.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$29,105,707 on December 31, 2007 as summarized below:

Cash on hand	\$ 9,875	
Deposits with financial institutions	10,279,664	
Investment		
Wisconsin local government investment pool	18,816,168	-
	<u>\$ 29,105,707</u>	

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 23,471,903
Restricted cash and investments	1,758,050
Fiduciary funds	
Agency funds	3,875,754
	<u>\$ 29,105,707</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$100,000 per credit union member. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2007, \$12,267 of the County's deposits with financial institutions is in excess of federal and state depository insurance limits and uncollateralized.

Custodial credit for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County's policy is to have their operating bank collateralize their average balance on deposit.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Investments

The County has investments in the Wisconsin local government investment pool of \$18,816,168 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2007, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated. Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

Restricted Cash and Investments

On December 31, 2007, the County has restricted cash and investments of \$1,758,050, consisting of remaining long term debt proceeds.

DISCRETELY PRESENTED COMPONENT UNIT

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$344,952 and the bank balance was \$353,778. All of the bank balance was covered by FDIC insurance.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2007 for collection in 2008 are for the following:

State apportionment	\$ 1,132,956
County apportionment	32,851,405
	<hr/>
	\$33,984,361

The above County apportionment of \$32,851,405 is for financing 2008 operations and will be transferred in 2008 from deferred revenue to current revenues of the County's governmental and proprietary funds.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2007, the County's general fund showed an investment of \$1,855,959 in delinquent taxes as follows:

Tax certificates	\$1,846,198
Tax deeds	9,761
Total	<u>\$1,855,959</u>

An aging of the total delinquent taxes of \$1,855,959 on December 31, 2007 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>
Prior to 2002	\$ 22,036	\$ 22,010	\$ 26
2002	4,508	4,508	-
2003	9,750	9,750	-
2004	103,838	103,838	-
2005	196,497	196,497	-
2006	465,226	465,226	-
2007	1,054,104	1,044,369	9,735
	<u>\$1,855,959</u>	<u>\$1,846,198</u>	<u>\$ 9,761</u>

Of the total of \$1,855,959 for delinquent taxes, \$213,919 was collected by the County within 60 days after December 31, 2007. The remaining unpaid balance of \$1,235,185 is recorded as reserved fund balance for the general fund and \$406,855 is recorded as a deferred property tax liability on the general fund balance sheet.

4. Receivables

Receivables as of year end for the County's individual major governmental funds, aggregate nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>County Road & Bridge</u>	<u>Dept of Community Programs</u>	<u>Dept of Social Services</u>	<u>Debt Service</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$15,611,949	\$2,850,270	\$4,061,323	\$5,761,257	\$4,276,235	\$ 629,613	\$33,190,647
Interest	133,739	-	-	-	-	2,427	136,166
Delinquent special assessments	-	-	-	-	-	151,393	151,393
CDBG loans	3,441,034	-	-	-	-	-	3,441,034
Accounts	756,949	-	2,519,618	3,022	-	1,996	3,281,585
Due from other governments	1,151,730	-	333,626	718,385	-	1,106,399	3,310,140
Gross receivables	21,095,401	2,850,270	6,914,567	6,482,664	4,276,235	1,891,828	43,510,965
Less: allowance for uncollectibles	1,235,185	-	2,346,178	-	-	-	3,581,363
Net total receivables	<u>\$19,860,216</u>	<u>\$2,850,270</u>	<u>\$4,568,389</u>	<u>\$6,482,664</u>	<u>\$4,276,235</u>	<u>\$ 1,891,828</u>	<u>\$39,929,602</u>

There is no allowance for uncollectibles in any proprietary fund type receivable.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

5. Capital Assets

Capital asset activity of the County for the year ended December 31, 2007 was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,793,715	\$ -	\$ -	\$ 1,793,715
Capital assets, being depreciated:				
Land improvements	4,627,940	193,768	103,758	4,717,950
Buildings/building improvements	52,113,590	602,734	64,214	52,652,110
Machinery and equipment	12,349,138	1,628,360	352,540	13,624,958
Infrastructure	54,873,629	2,677,135	1,196,966	56,353,798
Subtotals	123,964,297	5,101,997	1,717,478	127,348,816
Less accumulated depreciation for:				
Land improvements	2,666,408	167,437	103,758	2,730,087
Buildings/building improvements	15,555,709	1,477,559	64,214	16,969,054
Machinery and equipment	9,251,189	1,297,902	304,250	10,244,841
Infrastructure	25,618,410	1,643,932	925,074	26,337,268
Subtotals	53,091,716	4,568,830	1,397,296	56,281,250
Total capital assets, being depreciated, net	70,872,581	515,167	320,182	71,067,566
Governmental activities capital assets, net	\$ 72,666,296	\$ 515,167	\$ 320,182	\$ 72,861,281
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 859,641	\$ 120,763	\$ -	\$ 980,404
Capital assets, being depreciated:				
Land improvements	11,891,203	2,524,404	129,583	14,286,024
Buildings/building improvements	11,548,797	168,156	6,055	11,710,898
Machinery and equipment	13,491,923	986,473	953,481	13,524,915
Subtotals	36,931,923	3,679,033	1,089,119	39,521,837
Less accumulated depreciation for:				
Land improvements	5,542,490	591,878	32,190	6,102,178
Buildings/building improvements	8,505,735	392,255	81,288	8,816,702
Machinery and equipment	8,676,679	790,864	848,971	8,618,572
Subtotals	22,724,904	1,774,997	962,449	23,537,452
Total capital assets, being depreciated, net	14,207,019	1,904,036	126,670	15,984,385
Business-type activities capital assets, net	\$15,066,660	\$ 2,024,799	\$126,670	\$16,964,789

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Depreciation expense was charged to functions of the County as follows:

PRIMARY GOVERNMENT

Governmental activities

General government	\$ 628,293
Public safety	1,189,674
Public works	1,643,932
Health and human services	275,512
Culture, recreation and education	831,891
Conservation and development	17,528
Total depreciation expense - governmental activities	<u>\$4,586,830</u>

Business-type activities

Highway	\$ 790,049
Care Management Organization	34,790
Health Care Center	235,010
Rolling Meadows Nursing/Rehab Center	102,431
Airport	498,139
Rolling Meadows Golf Course	98,477
Landfill	16,101
Total depreciation expense - business-type activities	<u>\$1,774,997</u>

Capital asset activity of the Housing Authority for the year ended June 30, 2007 was as follows:

DISCRETELY PRESENTED COMPONENT UNIT

	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Construction in progress	28,288	-	13,598	14,690
Subtotals	<u>45,675</u>	<u>-</u>	<u>13,598</u>	<u>32,077</u>
Capital assets, being depreciated:				
Leasehold improvements	28,240	-	-	28,240
Buildings/building improvements	2,048,600	154,268	-	2,202,868
Machinery, equipment, furnishings	116,991	2,650	29,632	90,009
Subtotals	<u>2,193,831</u>	<u>156,918</u>	<u>29,632</u>	<u>2,321,117</u>
Less accumulated depreciation	1,144,831	78,284	(19)	1,223,134
Total capital assets being depreciated, net	<u>1,049,000</u>	<u>78,634</u>	<u>29,651</u>	<u>1,097,983</u>
Total capital assets, net	<u>\$1,094,675</u>	<u>\$ 78,634</u>	<u>\$ 43,249</u>	<u>\$1,130,060</u>

Depreciation expense was charged to functions of the Housing Authority as follows:

DISCRETELY PRESENTED COMPONENT UNIT

Low Rent Public Housing	\$ 73,052
Voucher Program	1,728
Capital Fund Program	3,504
Total depreciation expense- Housing Authority	<u>\$ 78,284</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

6. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2007 is as follows:

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
Operating Accounts between Funds:		
Dept. of Social Services	Care Management Organization	\$ 4,357
	Dept. of Community Programs	36,339
Temporary Cash Advances to Finance Operating Cash Deficits:		
General Fund	Health Self Insurance Fund	743
	Rolling Meadows Nursing/Rehab Center	284,905
	Rolling Meadows Golf Course	631,505
	Airport	48,699
	Landfill	79,925
Total		<u>\$1,086,473</u>

Interfund transfers for the year ended December 31, 2007 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$ 2,401,790	\$ 259,667
Special Revenue Funds		
Dept. of Community Programs	-	1,967,229
Dept. of Social Services	-	201,069
Nutrition	27,000	-
Debt Service Funds		
G.O. Building Bonds (1999)	-	1
G.O. Bonds (2001)	-	1
G.O. Refunding Bonds (2001)	75,000	-
G.O. Taxable Refunding Bonds (2002)	-	58,607
Internal Service Funds		
Health Self Insurance	22,667	-
Central Maintenance	-	13,588
Enterprise Funds		
Highway	18,358	-
Health Care Center	20,397	-
Rolling Meadows Nursing/Rehab Center	19,851	-
Airport	-	5,701
Golf Course	-	71,200
Landfill	-	8,000
Totals	<u>\$ 2,585,063</u>	<u>\$ 2,585,063</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

7. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable:		
General	\$ -	\$13,193,785
County Road & Bridge	-	2,850,270
Dept of Community Programs	-	4,061,323
Dept of Social Services	-	5,761,257
Capital Project Fund - Interoperability	-	380,000
Debt Service	-	4,276,235
Central Maintenance – Internal Service Fund	-	249,613
Delinquent property taxes receivable – General Fund	-	401,619
CDBG loans thru FCEDC	3,441,034	-
Grant and other receivables	321,575	265,607
Totals	<u>\$ 3,762,609</u>	<u>\$31,439,709</u>

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2007:

	Outstanding 1/1/07	Issued	Retired	Outstanding 12/31/07	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General Obligation Debt					
Bonds	\$ 25,610,000	\$ -	\$ 1,565,000	\$ 24,045,000	\$ 1,535,000
Notes	4,330,000	4,500,000	1,235,000	7,595,000	1,250,000
Total General Obligation Debt	29,940,000	4,500,000	2,800,000	31,640,000	2,785,000
Alliant Energy Advance	892,865	-	211,737	681,128	219,003
Capital Lease	11,185	-	11,185	-	-
Compensated absences	1,093,886	116,623	38,096	1,172,413	466,020
Governmental activities					
Long-term liabilities	<u>\$ 31,937,936</u>	<u>\$ 4,616,623</u>	<u>\$ 3,061,018</u>	<u>\$ 33,493,541</u>	<u>\$ 3,470,023</u>
BUSINESS-TYPE ACTIVITIES:					
General Obligation Debt					
Bonds	\$ 300,000	\$ -	\$ 145,000	\$ 155,000	\$ 155,000
Alliant Energy Advance	123,797	-	82,310	41,487	18,305
Capital Lease	71,210	-	18,137	53,073	20,280
Compensated absences	443,558	9,372	24,857	428,073	173,757
Business-type activities					
Long-term liabilities	<u>\$ 938,565</u>	<u>\$ 9,372</u>	<u>\$ 270,304</u>	<u>\$ 677,633</u>	<u>\$ 367,342</u>

Total interest paid during the year on long-term debt totaled \$1,261,036.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$14,029 of internal service funds compensated absences are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2007.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$9,800,000 issued 3/1/99; \$420,000 to \$1,240,000 due annually through 2014; interest 3.95% to 4.45%	\$ 7,420,000
\$3,450,000 issued 3/1/01; \$215,000 to \$350,000 due annually through 2016; interest 4.30% to 4.85%	2,555,000
\$3,730,000 issued 12/1/01; \$365,000 to \$665,000 due annually through 2008; interest 4.00%	365,000
\$6,070,000 issued 12/4/02; \$410,000 to \$605,000 due annually through 2015; interest 3.00% to 5.00%	4,060,000
\$9,800,000 issued 3/1/05; \$230,000 to \$920,000 due annually through 2025; Interest 3.25% to 4.00%	9,800,000

Notes

\$2,485,000 issued 7/1/03; \$175,000 to \$740,000 due in 2008; interest 1.75% to 2.00%	175,000
\$3,415,000 issued 4/3/06; \$415,000 to \$645,000 due annually through 2013; interest 4.00%	2,920,000
\$4,500,000 issued 4/2/07; \$430,000 to \$750,000 due annually through 2014; interest 4.00%	4,500,000

Total Outstanding General Obligation Debt

\$31,795,000

Annual principal and interest maturities of the outstanding general obligation debt of \$31,795,000 on December 31, 2007 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,785,000	\$ 1,339,309	\$ 155,000	\$ 6,200	\$ 2,940,000	\$ 1,345,509
2009	2,940,000	1,154,613	-	-	2,940,000	1,154,613
2010	3,150,000	1,032,728	-	-	3,150,000	1,032,728
2011	3,240,000	902,116	-	-	3,240,000	902,116
2012	3,490,000	762,388	-	-	3,490,000	762,388
2013-2017	9,720,000	1,961,342	-	-	9,720,000	1,961,342
2018-2022	3,675,000	907,225	-	-	3,675,000	907,225
2023-2025	2,640,000	161,600	-	-	2,640,000	161,600
	<u>\$31,640,000</u>	<u>\$ 8,221,321</u>	<u>\$ 155,000</u>	<u>\$ 6,200</u>	<u>\$31,795,000</u>	<u>\$ 8,227,521</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CAPITAL LEASES

The County is obligated for capital leases that were used to finance the acquisition of capital assets. Presented below is a schedule of future minimum lease payments at December 31, 2007:

Year Ending	Amount
2008	\$ 22,982
2009	22,982
2010	11,839
Total minimum lease payments	57,803
Less: Amount representing interest	4,730
Present value of future minimum lease payments	<u>\$ 53,073</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2007 was \$304,866,460 as follows:

Equalized valuation of the County	\$6,733,229,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	336,661,460
Less: Total outstanding general obligation debt applicable to debt limitation	31,795,000
Legal Margin for New Debt	<u>\$ 304,866,460</u>

9. Fund Equity/Net Assets

Government-wide Statements

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2007 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt	
Land/land improvements	\$ 3,781,578
Buildings/building improvements	35,683,056
Machinery and equipment	3,380,117
Infrastructure	30,016,530
Less: related long-term debt outstanding, net of proceeds on hand of \$1,758,050	(26,503,078)
Total Invested in Capital Assets, Net of Related Debt	46,358,203
Restricted	
CDBG loans	3,441,034
Sheriff Canine Fund	50,000
Debt Service Fund	18,476
Unrestricted	6,866,383
Total Governmental Activities Net Assets	<u>\$ 56,734,096</u>

Net assets of the business-type activities reported on the government-wide statement of net assets at December 31, 2007 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt	
Land/land improvements	\$ 9,164,250
Buildings/building improvements	2,894,196
Machinery and equipment	4,906,343
Less: related long-term debt outstanding	(249,560)
Total Invested in Capital Assets, Net of Related Debt	16,715,229
Restricted	
Care Management Organization	8,747,658
Unrestricted	638,245
Total Business-Type Activities Net Assets	<u>\$ 26,101,132</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2007, fund balance was reserved as follows:

General Fund	
Reserved for inventories and prepaid items	\$ 304,130
Reserved for delinquent property taxes	1,235,185
Dept of Community Programs	
Reserved for inventories and prepaid items	90,889
Dept of Social Services	
Reserved for inventories and prepaid items	75,742
Nutrition Fund	
Reserved for inventories and prepaid items	1,669
Debt Service	
Reserved for retirement of long-term debt	18,476
Sheriff Canine Fund	
Reserved for sheriff canine fund	50,000
Total	<u>\$1,776,091</u>

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2007, fund balance was designated as follows:

MAJOR FUNDS	
General Fund	
Designated for subsequent years expenditure	\$5,584,330
Special Revenue Funds	
County Road & Bridge	
Designated for subsequent years expenditure	77,354
Dept of Community Programs	
Designated for subsequent years expenditure	25,611
Capital Project Funds	
Interoperability Project	
Designated for subsequent years expenditure	1,758,050
NONMAJOR FUNDS	
Special Revenue Fund	
Nutrition Program	
Designated for subsequent years expenditure	56,052
Permanent Fund	
Sheriff Canine Fund	
Designated for subsequent years expenditure	14,219
Total	<u>\$7,515,616</u>

NOTE D - OTHER INFORMATION1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

behalf of employees. The County funds the employee share, with a maximum County contribution per pay period or annually, based on level of position and/or employment group. Required employee contributions in excess of this amount are paid by the employee. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2007 was \$37,002,375; the employer's total payroll was \$38,071,952. The total required contribution for the year ended December 31, 2007 was \$4,066,263, which consisted of \$1,903,039, or 5.1% of covered payroll from the employer and \$2,163,224, or 5.8% of covered payroll from employees. \$1,977,620 of the required contribution for employees for the year ended December 31, 2007 was financed by the County. Total contributions for the years ending December 31, 2006 and 2005 were \$3,896,142 and \$3,777,070, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its employees.

2. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage.

3. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2007

4. Limitations on the County's Tax Levy, Tax Levy Rate and Its Ability to Issue New Debt

Wisconsin Act 25, effective July 27, 2005, imposes a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties for a two-year period. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or 3.86% in the 2008 budget and 2.0% in the 2009 budget. The actual limit for the County for the 2008 budget was 3.86%. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

As part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds. The County may exceed the limitation by holding a referendum (according to state statutes) authorizing the County Board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

State legislation also imposes restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- refunding debt issues
- 75% approval by the County Board
- a reasonable expectation that the new debt can be accommodated within the existing tax rate
- other exceptions as listed in State Statutes Section 67.045

5. Conduit Debt Obligations

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2007, there are two series of Revenue Bonds outstanding. The first, a \$1,000,000 Revenue Bond, Series 1998, was approved by the Fond du Lac County Housing Authority and the Fond du Lac County Board to finance the renovation and rehabilitation of existing facilities of the Fond du Lac Lutheran Home, Inc. The second, a reissuance of \$1,185,000 Health Care Facilities Revenue Bonds, Series 2000, closed in December, 2003, was approved by the Fond du Lac County Board to finance the acquisition and capital improvements of facilities of the ARC of Fond du Lac, a Wisconsin nonprofit corporation. These bonds are a limited obligation of the County payable solely from revenues received by the County pursuant to a note and sale agreement with ARC of Fond du Lac.

6. Subsequent Event

The County Board authorized the borrowing and sale of \$9,080,000 of General Obligation Promissory Notes in April, 2008, for the purpose of paying costs of refunding obligations of the County and of various projects included in the County's five-year capital improvement plan.

The County Board authorized the borrowing and sale of \$1,500,000 of Taxable General Obligation Promissory Notes in April, 2008, for the purpose of paying or reimbursing the cost of developing an aeronautic industrial park and expanding the corporate airport hangar area.